

***eurofly***

ROAD SHOW

December 2005

***eurofly***

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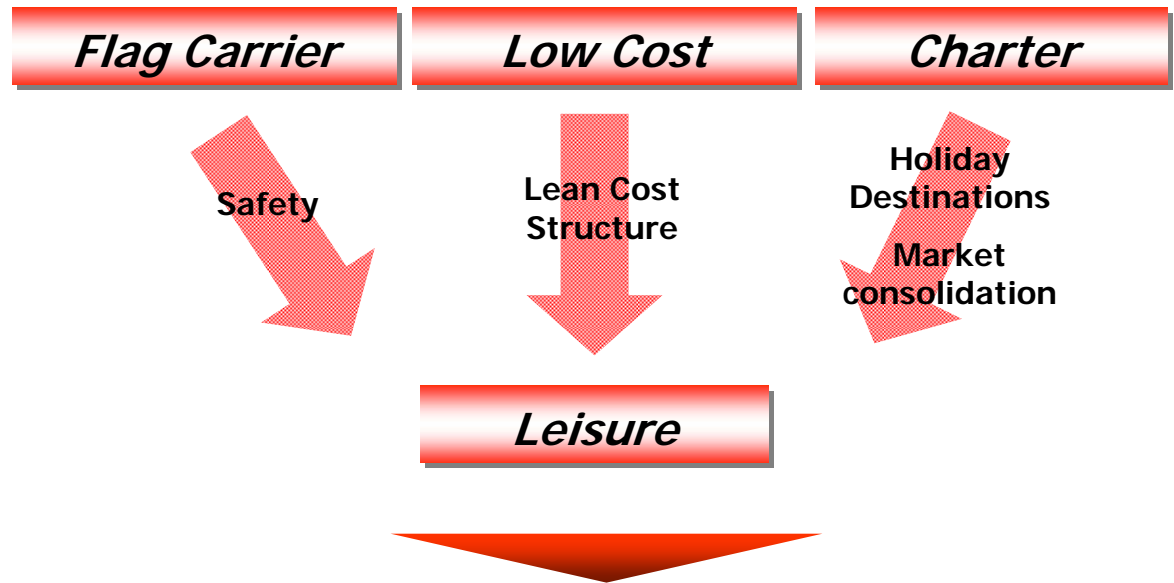
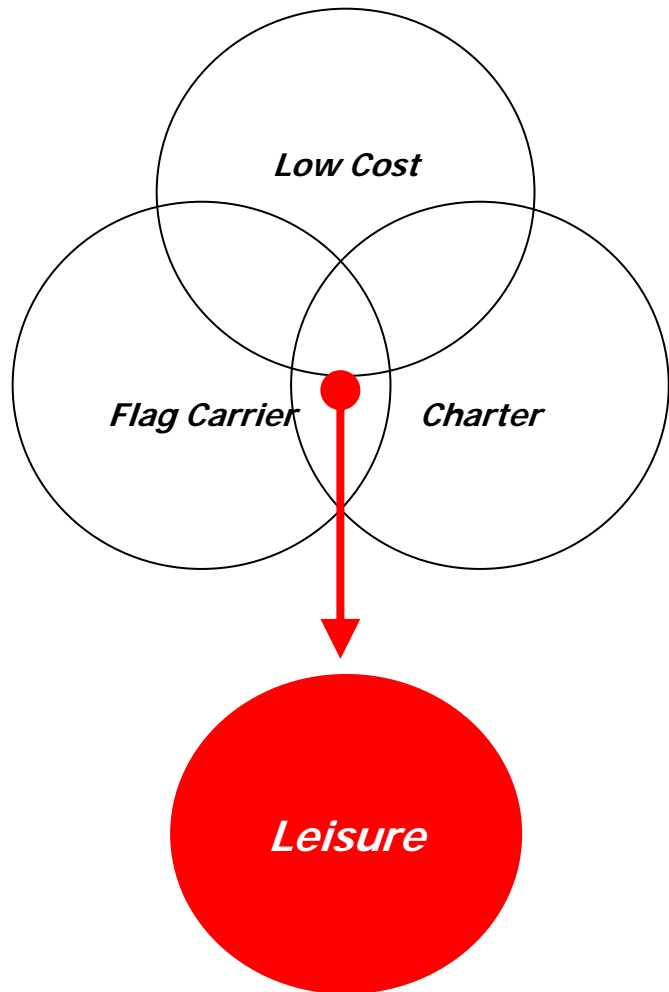
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# **BUSINESS & COMPANY OVERVIEW**

# Consolidated Expertise

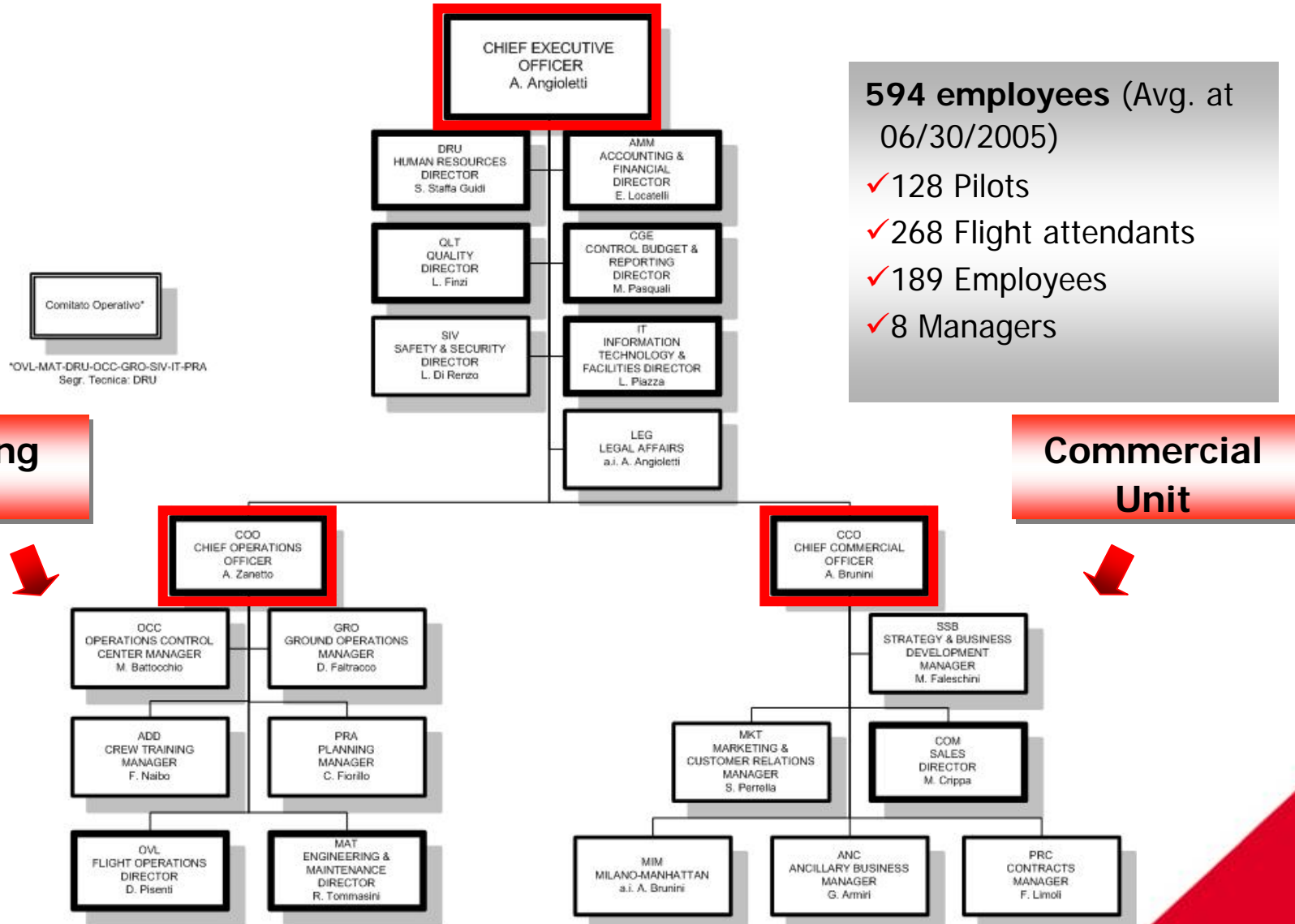


# The Existing Models



Eurofly is a leisure carrier characterized by a cost-driven organization, that flies mainly point-to-point to tourist destinations and targets people who travel for holidays

# Key People



**594 employees** (Avg. at 06/30/2005)

- ✓ 128 Pilots
- ✓ 268 Flight attendants
- ✓ 189 Employees
- ✓ 8 Managers

# INDUSTRY OVERVIEW & ACHIEVEMENTS

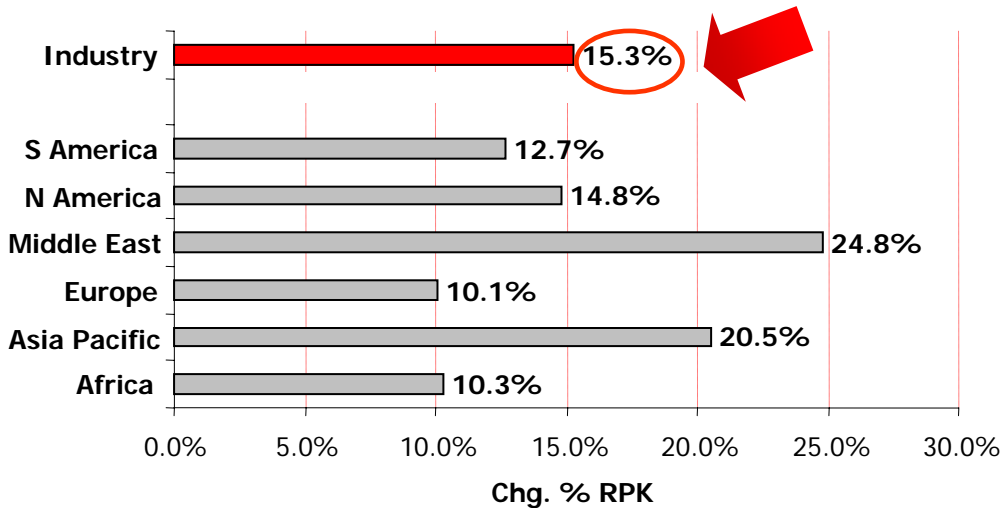


# Air Transportation Demand

Rising demand both in domestic and international markets (expected 2005-2008 CAGR: 6% - source: Airbus, Boeing)

## International Market

INTERNATIONAL FLIGHTS (2004 vs 2003)

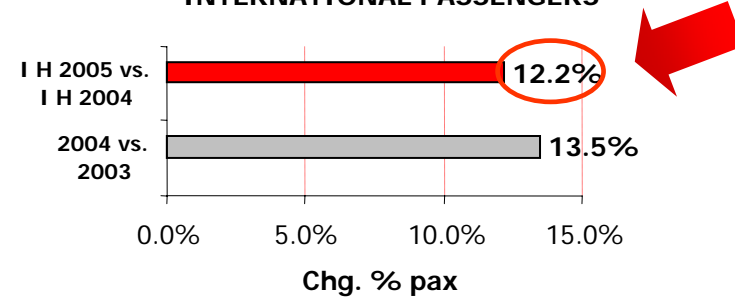


Source: IATA

RPK: Revenue Passengers Kilometers

## Domestic Market

INTERNATIONAL PASSENGERS

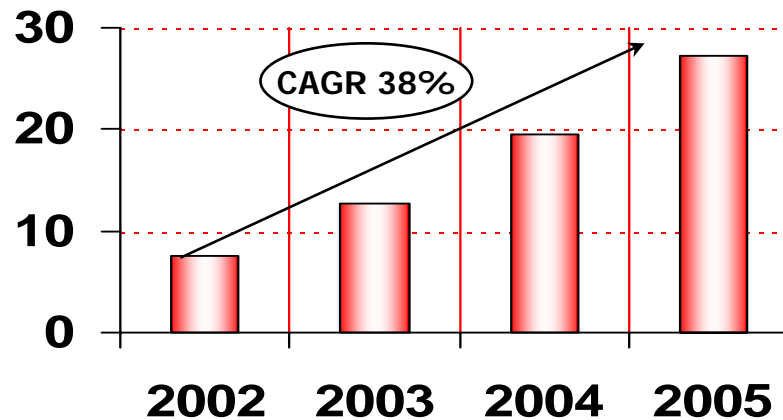


Source: ASSAEROPORTI

# Tourism Demand

2004 witnessed a return to growth of tourism demand (+10%, source WTO), a lower percentage of holiday packages against total holiday spend and a growing on line (DIY) tourism

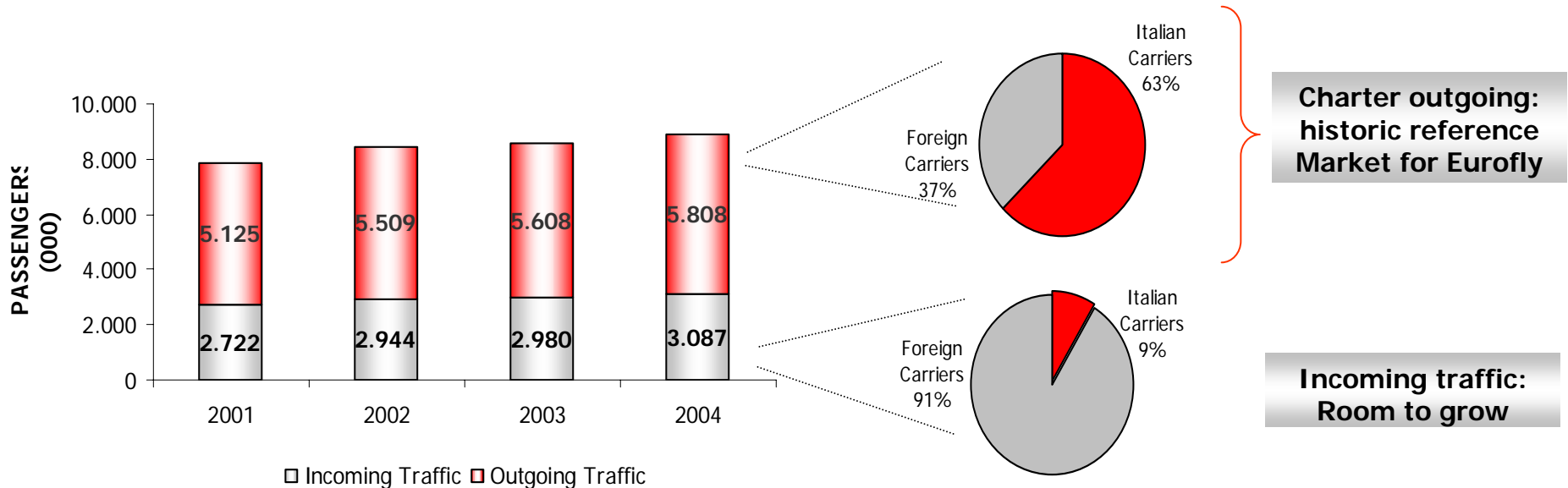
European Mkt Tourism on-line (€mln)



Source: BCG analysis 2005

# The Reference Market

- ✓ Italian charter flights account for approx. 15% of total traffic
- ✓ Spain and Egypt are the main leisure markets in terms of passengers: 1,5 million (18% of total) and 1,3 million (15% of total) respectively.

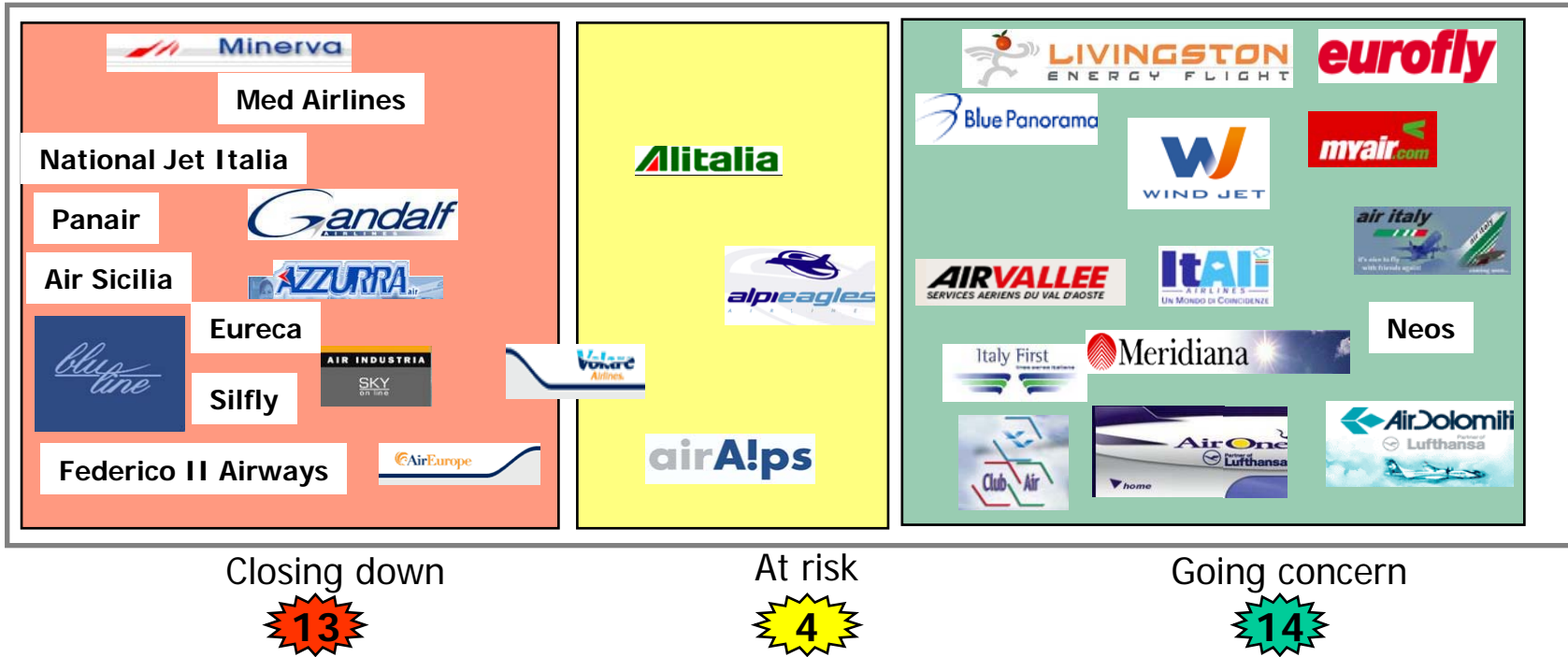


Source: ENAC Data - 2003

**Eurofly is gradually transforming itself into a leisure operator from a pure charter. As a result, the current reference market of 5,8 million of passengers is progressively expanding**

# Italian Airlines Overview

Airline Companies from 1999 to 2005

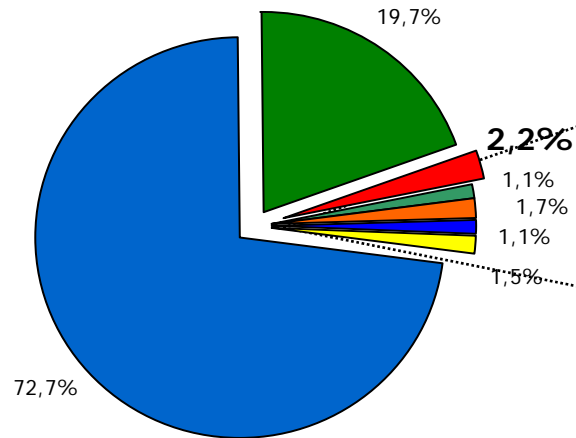


Many but weak competitors:

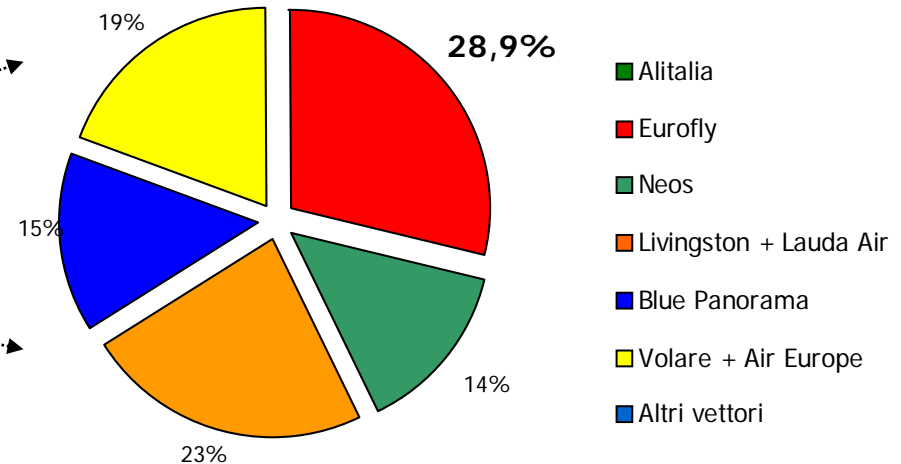
- ✓ nearly 50% of airline companies have ceased to operate over the last 6 years or are currently at risk
- ✓ increasing competitive pressure on yield factor due to the entrance of foreign operators and low-cost carriers active on the most congested routes

# Competitive Positioning

International Air Traffic Passengers  
Mkt Share 2004



Main Leisure Italian Carrier  
Mkt Share 2004



- Alitalia
- Eurofly
- Neos
- Livingston + Lauda Air
- Blue Panorama
- Volare + Air Europe
- Altri vettori

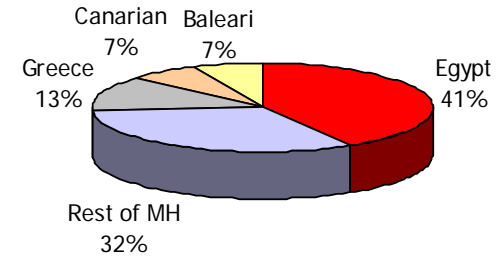
Source: Assaeroporti (2004 international traffic data - 57.950.770 pax) and company data

Peer group comparison (Blue Panorama, Lauda Air e Livingston, Neon, Volare and Air Europe) suggests Eurofly is the leader in the Italian leisure market with a market share of approx. 29%

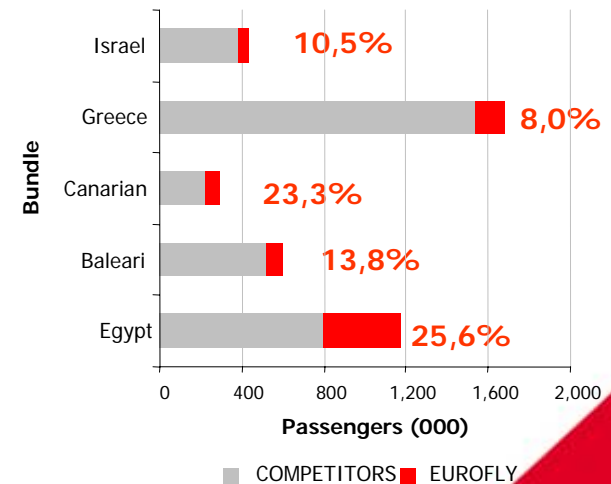
# Medium Haul Business Unit

Medium Haul: flight duration of up to 5 hours involving mainly European and Mediterranean destinations

2004 Revenues  
(% on total MH)



2004 Market Shares

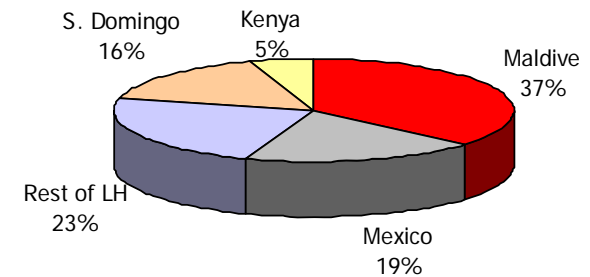


# Long Haul Business Unit

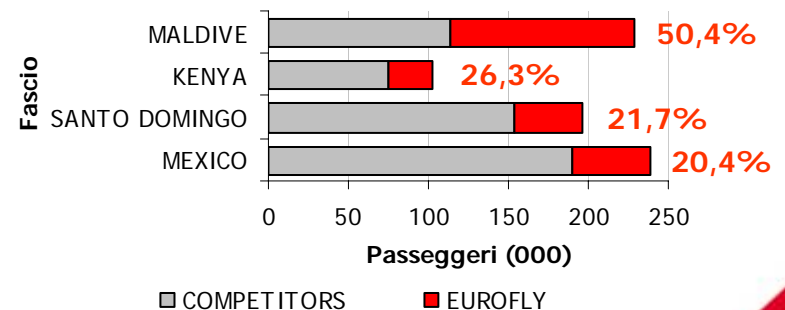
Long Haul: flight duration over 5 hours, i.e. typically intercontinental flights



2004 Revenues  
(% on total LH)

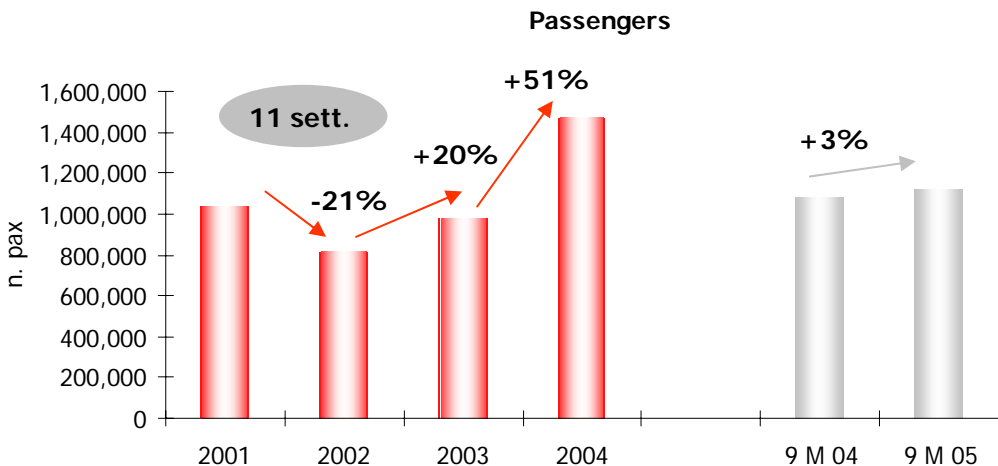


2004 Market Shares



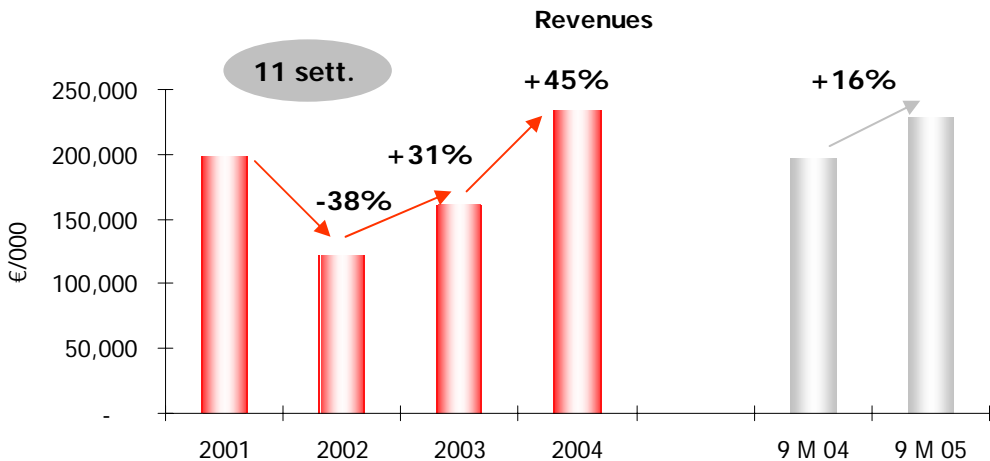
# Main Achievements: Strong Growth And...

**Eurofly's operations have grown at a very steady pace underpinned by a successful strategy**



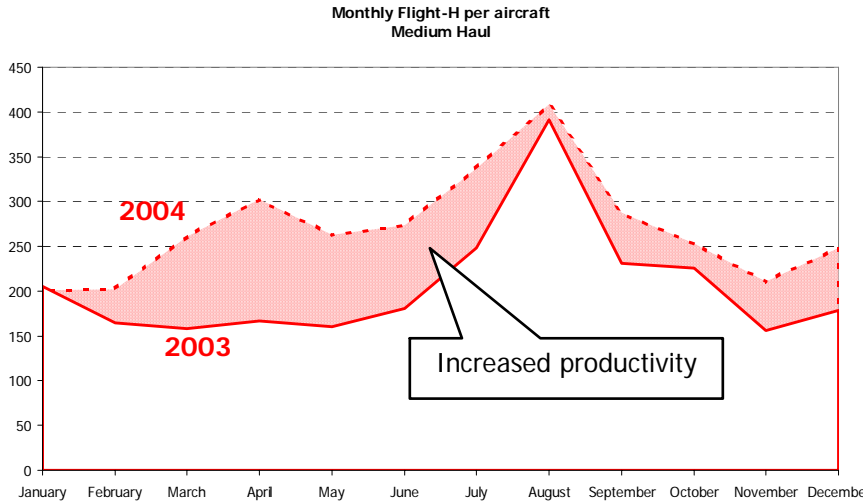
**CAGR 01-04: +13%**  
**CAGR 02-04: +35%**

**CAGR 01-04: +6%**  
**CAGR 02-04: +38%**





# ...Milder Seasonality

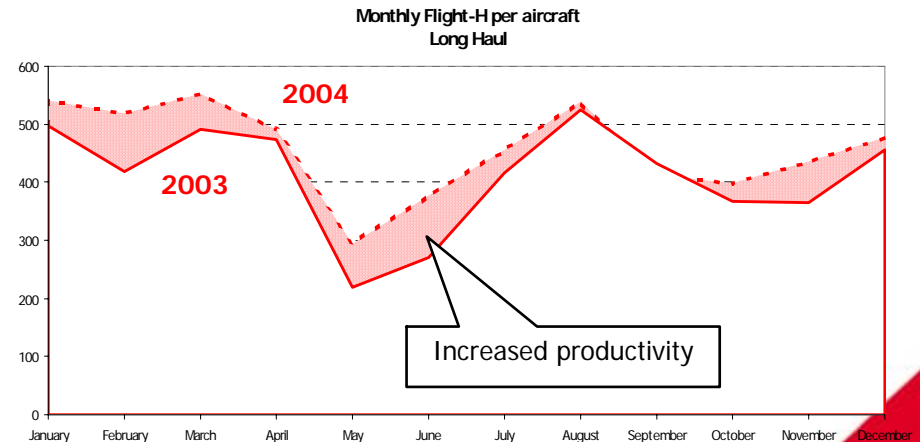


Medium Haul and Long Haul routes seasonality comparison suggests:

- ✓ Medium Haul: Strong seasonality with a summer peak demand. Restrained monthly aircraft productivity
- ✓ Long Haul: Lower seasonality and high aircraft productivity, excepting spring and autumn

2004 data show a reduction in seasonality, thanks to:

- ✓ increased weight of Long Haul flights on total
- ✓ increased the productivity on both business units

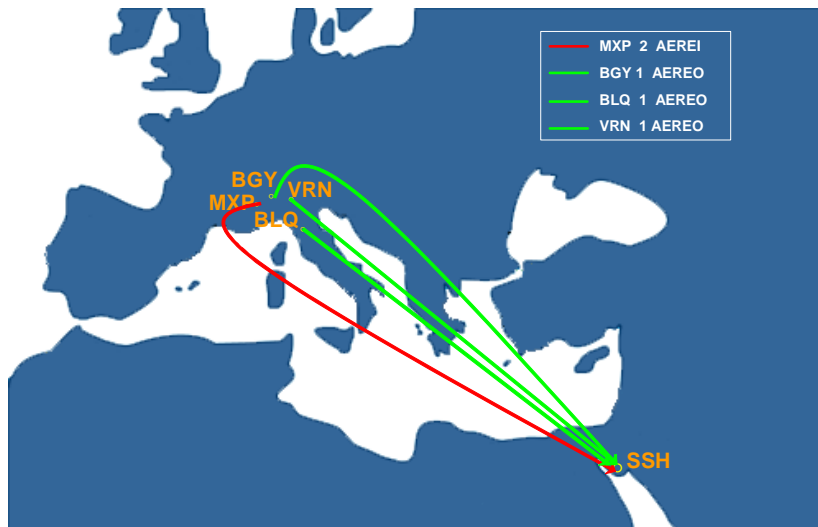


# Innovation In Established Markets...

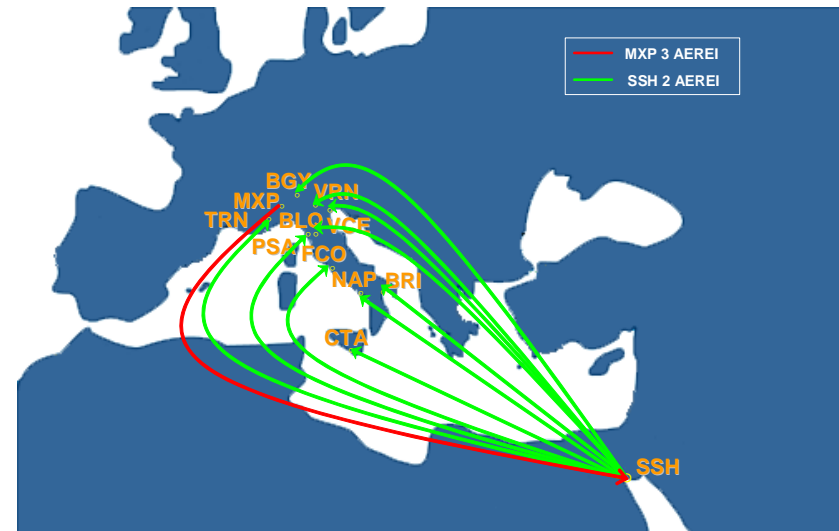
## Reverse Model from Egypt:

- ✓ First European carrier to implement such a system
- ✓ Direct link from the Red sea (Sharm) to secondary airports in Italy
- ✓ Passengers increased by 40% in 1H 2005

WINTER SEASON 2003/04



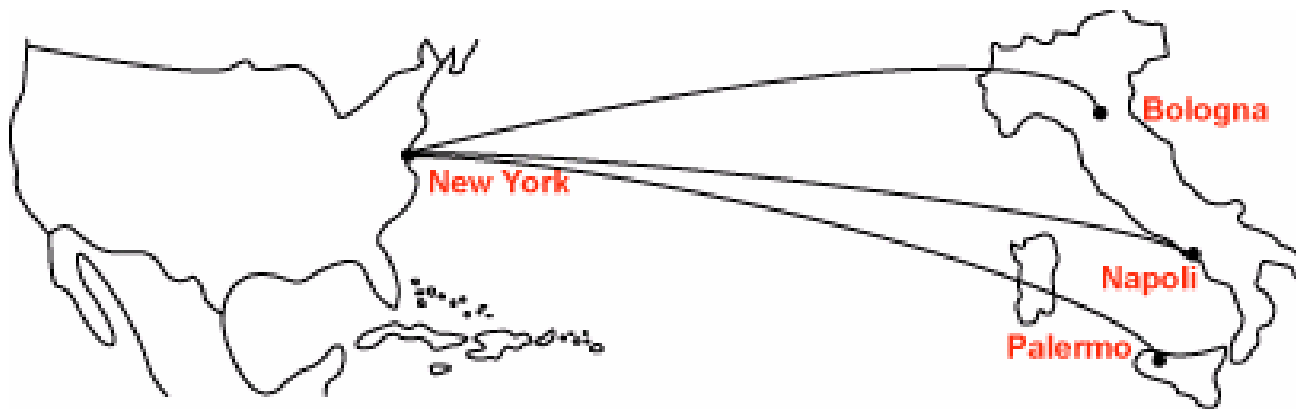
WINTER SEASON 2004/05



# ... And In New Markets

## Launch of the "NYC *Leisure*" product:

- ✓ Intercontinental product that offers more convenient point-to-point connections and avoids busy hubs
- ✓ Leisure-oriented market characterized by high incoming flows and reverse seasonality with respect to "traditional" Long Haul destinations
- ✓ *Achieved Load factors in the first year of activity : Bologna 63%, Naples 75%, Palermo 75%*



# Solid Tour Operators Client Base

Relationships with Tour Operators will continue to represent a major asset for the Company

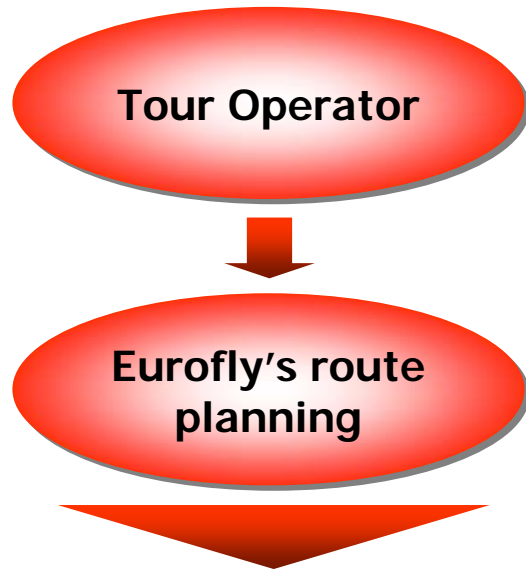
- ✓ Eurofly is a partner of the major Italian and European Tour Operators
- ✓ The Company is the official carrier of:
  - FC Inter Football Team and Italy's National Football Team
  - Ferrari Racing Team
  - Italian Military Forces



# A New Way Of Planning...

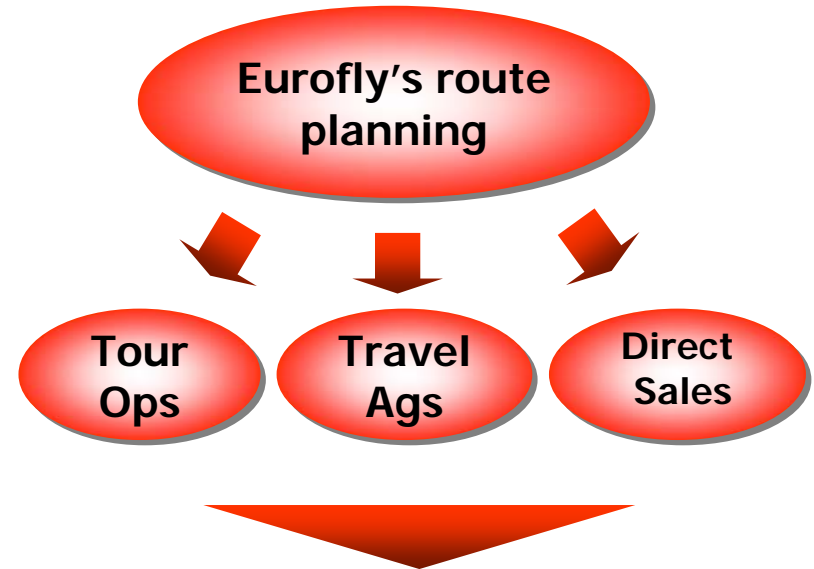
**Eurofly's marketing and sales approach will more and more be consistent with the company's evolution to Leisure Carrier**

**Charter:**



- ✓ Network not always efficient
- ✓ Potential high variability in traffic routes

**Leisure:**



- ✓ In-house valuation of market opportunities
- ✓ Improvement in efficiency and productivity

# ...With Access To New Distribution Channels

✓ From the summer of 2004 throughout 2005, tickets have been sold through different channels:

- The Internet
- Call centres
- Travel Agencies



The screenshot shows the Eurofly website interface. At the top, the logo reads "eurofly LE VACANZE DECOLLANO". Below the logo is a navigation bar with links: Home | Prenota volo | Orario voli | Destinazioni | Offerte speciali | Info di viaggio | Chi siamo | Contatti | Operatori. The main content area is titled "Benvenuto in Eurofly" and "Il tuo viaggio inizia da qui:". It features a search form with fields for "Partenza:" (with a dropdown menu), "Destinazione:" (with a dropdown menu), "Andata:" (with date pickers for "13" and "Oct-2005" and a "2A" class selector), "Ritorno:" (with date pickers for "2A" and "2A"), and "Passeggeri:" (with dropdowns for "Adulti: 1", "Bambini: 0", and "Neonati: 0"). A red "Cerca" button is at the bottom of the form. To the right of the form is a sidebar titled "Crea il tuo viaggio:" with a list of services: "Voli", "Hotel", "Appartamenti", "Trasferimenti", "Autonoleggi", "Visite guidate", and "Assicurazioni". Below this is a "Call center" section with the phone number "199 50 99 60", operating hours "lun - ven: 9.00/19.00 - sabato: 9.00-13.00", email "callcenter@eurofly.it", and a note "for all calls from abroad" and "+39 091 5007704". At the bottom of the main content area, there is a blue banner with a white airplane icon and the text "PRENDI L'OFFERTA AL VOLO!!!".

- ✓ Access to new small-mid sized Tour Operators (12,4% of 1H2005 sales) thanks to fewer barriers to access Eurofly's product
- ✓ Around 4,500 Travel agencies (45% of the Italian market) are currently registered on the Eurofly's website
- ✓ Call Centres' activity went from 230 phone calls in summer 2004 to 1,000 phone calls in summer 2005

# ***OPERATIONS***

# The Fleet: Young And Homogeneous



**A320**

**Avg Age: 4,3 yrs**

**Seats: 180**

**A330**

**Avg Age: 3,4 yrs**

**Seats: 286**



**A319**

**Age: 6 months**

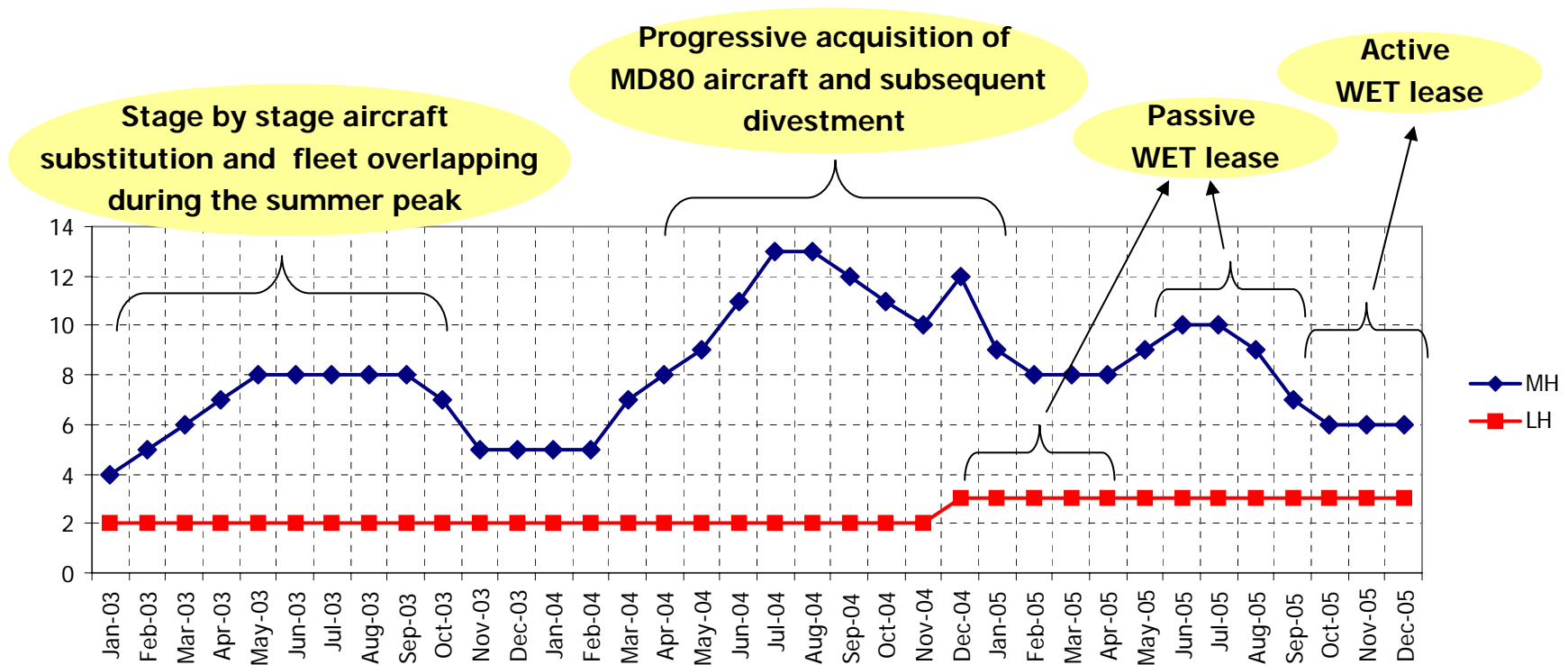
**Seats: 48**





# Flexible Capacity: Fleet 2003 – 2005

Eurofly has adopted a variety of methods to mitigate seasonality. Increasing productivity and customer satisfaction are among Eurofly's main objectives



# Training And *Mixed Fleet Flying*

## Training

- ✓ Eurofly uses its own training service, which is certified by ENAC
- ✓ Eurofly is able to sell training service to third parties

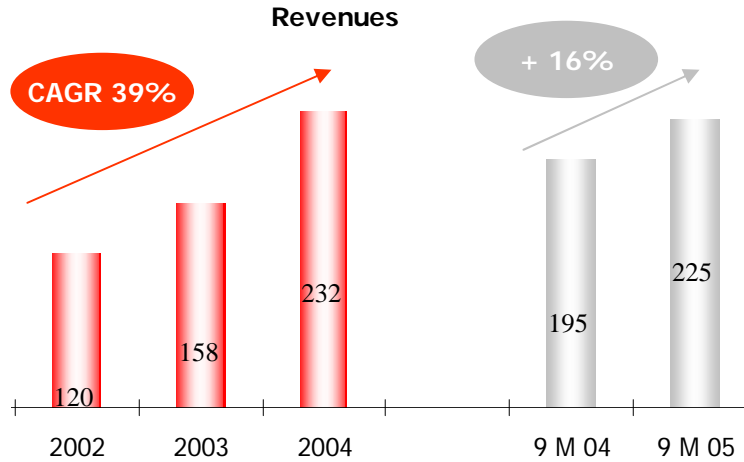
## "Mixed fleet flying" - MFF

- ✓ Eurofly is the only Italian flight carrier currently enabled to use its pilots on each of its aircrafts, therefore increasing productivity and flexibility

Improving the quality and the productivity of crews is among Eurofly's primary goals

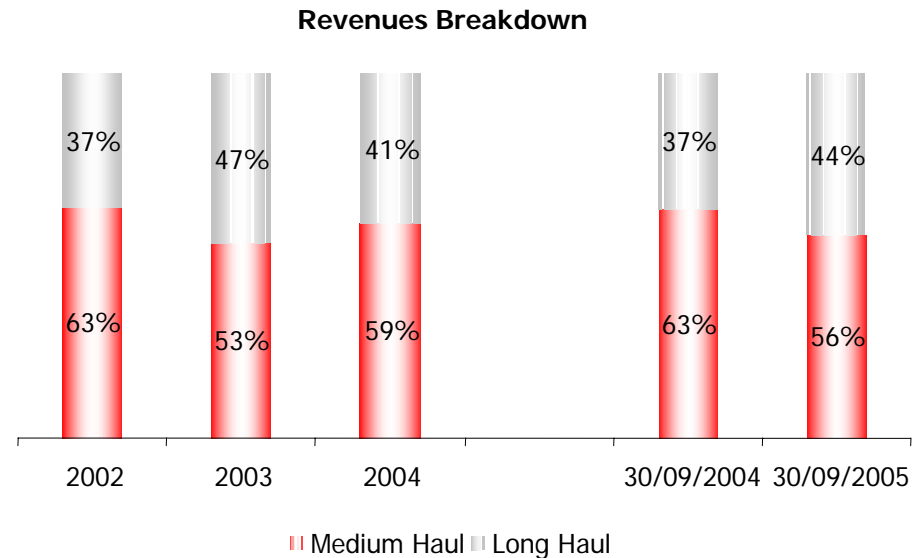
# FINANCIALS

# Revenues



**Strong revenue growth thanks to increased volumes**

**Gradual expansion of long-haul routes \*, characterized by a milder seasonality**

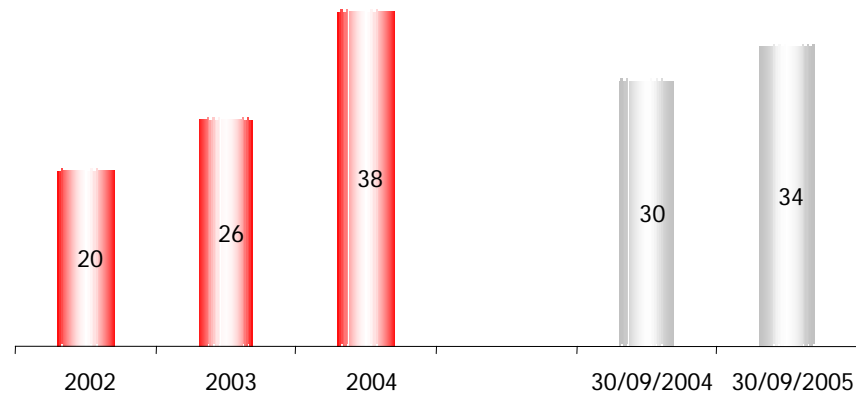


\* First half 2005 lower weight of Long Haul activity on total revenues is due to Tsunami.

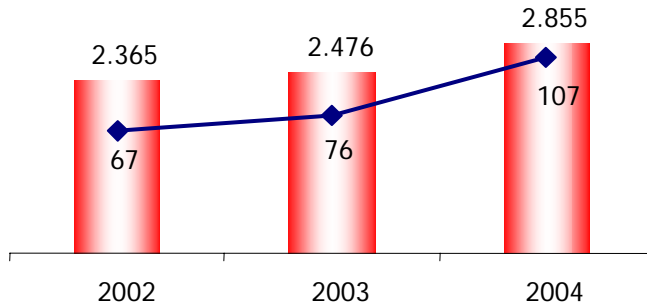
# Operating Activity

**Strong increase in activity in terms of hours flown, thanks to more aircrafts and improved productivity**

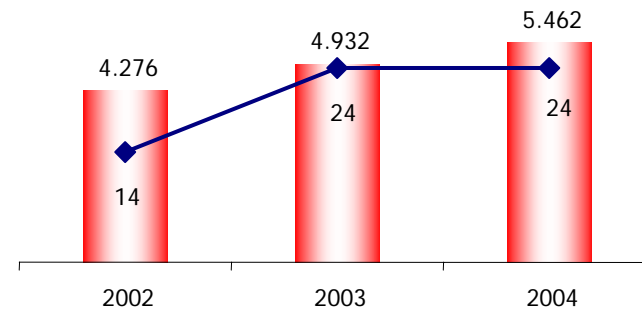
Flight Hours Including Wet Lease



Medium Haul Aircraft Productivity



Long Haul Aircraft Productivity



■ Fleet Productivity  
◆ N. month/Aircraft Eurofly (Comm. Availability)

■ Fleet Productivity  
◆ N. month/Aircraft Eurofly (Comm. Availability)

# Profit And Loss

2003  
Return to profit

<b>INCOME STATEMENT</b>	<b>31/12/2002</b>		<b>31/12/2003</b>		<b>31/12/2004</b>	
Euro/000						
Flight and ancillary revenues	119.592		158.149		232.113	
Other Revenues	2.983		2.962		2.278	
<b>Total Revenues</b>	<b>122.575</b>	100%	<b>161.111</b>	100%	<b>234.391</b>	100%
Direct Selling Costs	(51)	0%	(968)	-1%	(1.090)	0%
<b>Net Revenues</b>	<b>122.524</b>	100%	<b>160.144</b>	99%	<b>233.300</b>	100%
<b>EBITDAR</b>	<b>12.574</b>	10%	<b>27.406</b>	17%	<b>24.261</b>	10%
<b>EBITDA</b>	<b>(12.888)</b>	-11%	<b>7.777</b>	5%	<b>8.100</b>	3%
<b>EBIT</b>	<b>(14.996)</b>	-12%	<b>3.577</b>	2%	<b>4.263</b>	2%
<b>EBT</b>	<b>(5.439)</b>	-4%	<b>4.115</b>	3%	<b>7.904</b>	3%
<b>Net Income/Loss</b>	<b>(6.014)</b>	-5%	<b>2.722</b>	2%	<b>6.835</b>	3%

# January - September 2005

<u>Income statement</u>	30/09/2004		30/09/2005		Adjustments 2005			30/09/2005	
	Euro/000				Tsunami	Sharm bombings	Total	Adjusted	
Flight and ancillary revenues	194.503		224.656		(4.000)	(12.000)	(16.000)	240.656	
Other revenues	1.973		3.548		(500)		(500)	4.048	
<b>Total revenues</b>	<b>196.476</b>	100%	<b>228.204</b>	100%	<b>(4.500)</b>	<b>(12.000)</b>	<b>(16.500)</b>	<b>244.704</b>	100%
Direct selling costs	(2.370)	-1%	(2.718)	-1%				(2.718)	-1%
<b>Net revenues</b>	<b>194.106</b>	99%	<b>225.486</b>	99%	<b>(4.500)</b>	<b>(12.000)</b>	<b>(16.500)</b>	<b>241.986</b>	99%
<b>EBITDAR</b>	<b>22.974</b>	12%	<b>26.287</b>	12%	<b>(2.400)</b>	<b>(2.500)</b>	<b>(4.900)</b>	<b>31.187</b>	13%
EBITDA	10.980	6%	4.999	2%					
EBIT	7.704	4%	2.095	1%					
EBT	7.141	4%	4.381	2%					

# Balance Sheet

<b>BALANCE SHEET</b>	<b>31/12/2002</b>	<b>31/12/2003</b>	<b>31/12/2004</b>	<b>30/09/2005</b>
<u>Euro/000</u>				
Tangible Assets	1.814	10.575	35.742	11.699
Intangible Assets	3.278	4.075	5.043	7.900
Financial Assets	5.515	5.449	8.632	12.518
<b>Total Fixed Assets</b>	<b>10.606</b>	<b>20.098</b>	<b>49.417</b>	<b>32.118</b>
<b>Net Working Capital</b>	<b>(22.920)</b>	<b>(32.305)</b>	<b>(32.769)</b>	<b>529</b>
<b>Net Invested Capital</b>	<b>(15.606)</b>	<b>(16.681)</b>	<b>11.334</b>	<b>26.538</b>
Common Shares	7.678	6.667	6.667	7.065
Reserves	4	0	2.722	4.159
Net Income/Loss	(6.014)	2.722	6.835	2.963
<b>Shareholder's Equity</b>	<b>1.667</b>	<b>9.389</b>	<b>16.224</b>	<b>14.187</b>
<b>Net Financial Position</b>	<b>(17.273)</b>	<b>(26.070)</b>	<b>(4.891)</b>	<b>12.351</b>



# STRATEGY & INVESTMENTS CONSIDERATIONS

# Strategic Guidelines

**Eurofly's vision is to become the leading Italian private carrier in the leisure segment, focused on international routes, innovative and fast in exploiting new market opportunities**

## Long Haul Focus

- ✓ Focus on Long Haul in order to decrease seasonality
- ✓ Focus on traditional markets in the winter season and on the North Atlantic market in the summer season

## Multi-channel distribution

- ✓ Continue to evolve from charter to leisure carrier
- ✓ Expand the client base further penetrating the DIY segment

## Diversification

- ✓ Launch of ancillary products in order to stimulate a "non flight" offer
- ✓ Pursue the growth of cargo activity
- ✓ Launch of the "All Business" flight from Milan to New York

# Medium Haul: Consolidation

## Strategies:

- ✓ Volume consolidation
- ✓ Further improvement of seasonality
- ✓ Less market concentration

## Actions:

- ✓ Consolidation of Egypt and of Mediterranean routes
- ✓ Utilization of wet lease in order to manage capacity
- ✓ Development of inbound tourist traffic (Reverse Model)



This strategy aims at improving profitability and diversifying risk

# Long Haul: Development

## Strategies:

- ✓ Consolidation of existing routes
- ✓ New routes and destinations
- ✓ Development of summer routes and destinations

## Actions:

- ✓ Increasing frequencies of weekly flights
- ✓ In 2006 and 2007 Eurofly will operate one new aircraft A330 per year
- ✓ Add to traditional winter routes the new North Atlantic routes in the summer period



The strategy aims at expanding Eurofly's business, developing into the Long Haul market, where competition is weaker and there is less seasonality

# All Business


**A new intercontinental “All Business” route Milan-New York will be operative starting February 2006**

## **Strategy:**

- ✓ **Exploitation of niche opportunity:**
  - **growing demand for business services on specific routes**
  - **low customer satisfaction in the specific client segment**

## **Actions:**

- ✓ **Possibility to operate the flights from Milan Linate Airport (city airport)**
- ✓ **Eurofly will operate the flights with one A319 Corporate Jet fitted with 48 all business seats**



**This strategy is expected to further contribute to Eurofly's diversification of risk, lessening of seasonality as well as entrance into a promising niche with first mover advantage**

# Eurofly's Strengths

## Leadership

## Effective Business model

- ✓ Leader in the leisure market
- ✓ A well-balanced Medium and Long Haul mix of routes
- ✓ Exploitation of interesting market niches
- ✓ Internal control of core activities (maintenance and training)
- ✓ Low Capital Employed
- ✓ Mixed Fleet Flying
- ✓ Multi-channel distribution network
- ✓ Key sector competences

# Eurofly's Strengths

## Time to Market and innovation

- ✓ The first European carrier to open a base in Egypt
- ✓ Development of new incoming traffic flows
- ✓ "All Business" Milan-New York flights

## Capability to react to extraordinary events

- ✓ Recent shocks arising from terrorism and Tsunami negatively hit the industry. Despite this scenario Eurofly was able to minimize negative effects thanks to:
  - i) a contingency plan aimed at reducing costs;
  - ii) a flexible network i.e possibility to relocate flights
  - iii) capacity released to third operators by wet leasing aircrafts

# Eurofly's Strengths

## Partnership with Airbus

**Launching customer  
A350**



- ✓ First Italian carrier to acquire the new aircraft type A350-800: Eurofly will be “launching partner” in Italy for Airbus
- ✓ Letter of intent signed on the 12th of October 2005; delivery scheduled for 2013-2014, subject to the success of the IPO
- ✓ Remarkable economic advantages in the future

“...We believe that, with this modern and efficient fleet, Eurofly, a very dynamic and fast growing carrier, is well positioned in order to continue its far-seeing growth” Airbus CEO



# Use Of Proceeds

**Eurofly is committed to strengthen its leadership and to continue to develop both through external and internal growth**

## **Equity enhancement**

More favourable conditions from capital providers, particularly with regard to aircraft lessors

## **Fleet enhancement**

Three new A350, which will be delivered in 2013-2014

## **Acquisitions**

Opportunities of external growth

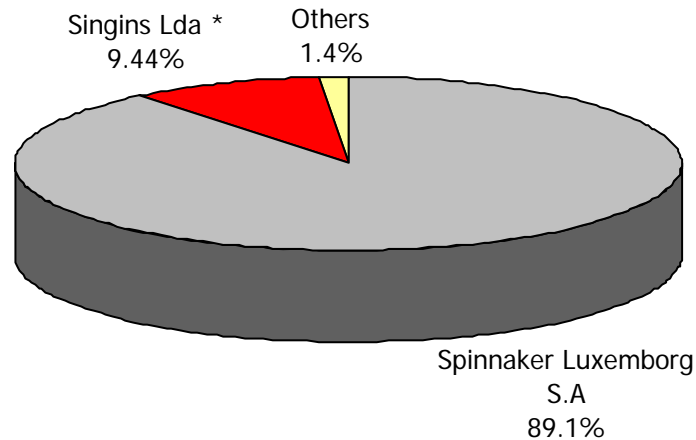
# OFFER STRUCTURE

# Offer Structure

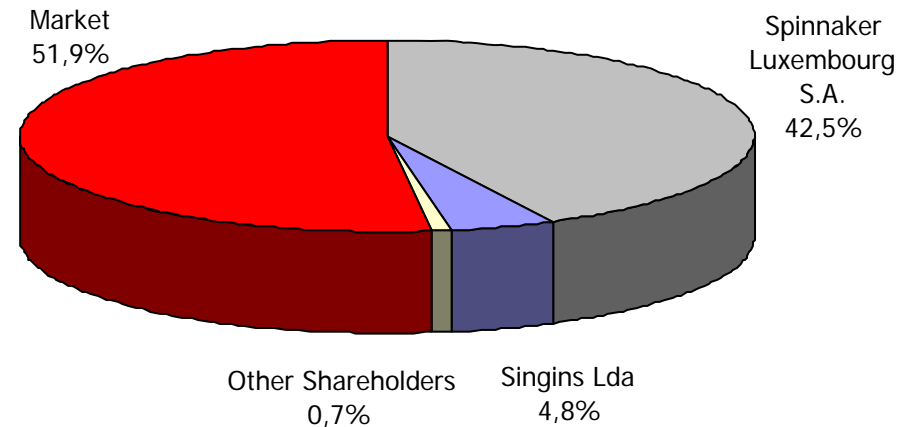
- ✓ Actual number of share 7.065.302
- ✓ Shares offered
  - o/w issued (Capital Increase) max 6.300.000
  - max 5.900.000
- ✓ Greenshoe max 900.000 (in subscription)
- ✓ Free Float 51,9% (post Greenshoe)
- ✓ Offer Structure
  - Public offer in Italy
    - Employees min 1.600.000 (25%)
    - max 300.000
    - Public max 30% of Public Offer
  - Institutional offer max 4.100.000 (65%)
  - Private Placement max 600.000 (10%)
- ✓ Lock-up 12/18 months
- ✓ Market MTA
- ✓ Timing
  - Offer 12<sup>th</sup> – 16<sup>th</sup> of December, 2005
  - Trading 21<sup>st</sup> of December, 2005

# Shareholders Structure

## Current



## Post IPO including Greenshoe



**Spinnaker Luxembourg plans to reduce its stake in Eurofly (beneath "de jure" control)**

\* Singins Lda is a company owned by Captain Augusto Angioletti

# Q&A